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THE DEPUTY SECRETARY OF STATE
WASHINGTON

NSC UNDER SECRETARIES COMMITTEE

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May 18, 1973

MEMORANDUM FOR THE PRESIDENT

Subject: US-Yugoslav Relations

In response to your request for a brief report on the current status of our relations with Yugoslavia and US-Yugoslav economic, scientific, military and technical cooperation, including an assessment of attitudes toward the United States displayed by Yugoslavia's leaders and by the Yugoslav media in recent months, and a review of pending US policy decisions relating to Yugoslavia in the political, economic, scientific, and military fields, including proposed exchanges of high-level visits, the Under Secretaries Committee is submitting this memorandum, which covers a more detailed report.

Discussion

The Committee believes that the several recent instances of friction in US-Yugoslav bilateral relations that have arisen out of Yugoslavia's zeal as a non-aligned leader and out of internally-motivated distortions carried by the Yugoslav press are relatively superficial when viewed against the larger background of constructive developments in our relations. These differences should not be allowed to obscure the larger US interest in the continued independence and unity of Yugoslavia, particularly at a time when Yugoslavia undergoes the stresses and strains of strengthening its institutions in preparation for the

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inevitable departure of President Tito from the scene. Periodic exchanges of high-level visits can help moderate the rhetoric in those matters where our positions are different, and generally enhance bilateral cooperation to our joint advantage.

The Committee does not view the course of Yugoslav foreign policy in recent months as indicating any change in Yugoslavia's basic policies of resisting Soviet control, seeking improved relations with the US and other Western countries, and maintaining a non-aligned posture. The main emphasis in the internal policies of the Yugoslav leadership of late has been on strengthening the central authority of the governing League of Communists as a check on disruptive manifestations of regional nationalisms stimulated by a decentralization program undertaken several years ago. Tito's efforts have met with some opposition, but he is convinced they are essential to the stability of the Government, and stability is a result we would welcome.

The Committee views the Yugoslav military as a major cohesive force and one that can be expected to play a major role in maintaining Yugoslav unity with the passing of the Tito era. We also expect that during Tito's lifetime, this role will continue to be subordinate to the Communist Party (LCY), exerting a stabilizing influence from a distance and in low profile. After Tito, the role of the military in defending national unity may well become more pronounced.

The gradual improvement in exchanges between the US and Yugoslav military establishments achieved in recent years could be further enhanced by a visit to Yugoslavia of our new Secretary of Defense, as soon as this is feasible. The Departments of State and Defense are actively considering methods by which exceptions to the National Disclosure Policy could be obtained, to facilitate the sale to the Yugoslavs of certain carefully-selected military items thus far denied to them on security considerations.

The Yugoslavs have also invited the Secretaries of the Treasury, Commerce, Agriculture, the USIA Director, and our Special Trade Representative to visit Yugoslavia whenever convenient. Such visits

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properly spaced during the next eighteen months would be helpful to the advancement of US interests. These include specifically the growth of trade and economic cooperation and the continuation of our active information and cultural programs in Yugoslavia, neither of which have been negatively affected by recent frictions.

With regard to future high-level Yugoslav visits to Washington, in July 1972 Yugoslav Premier Bijedic expressed the hope to Secretary Rogers that he might be able to visit the US sometime in 1973. You decided earlier this year that your schedule for 1973 would not permit receiving the Yugoslav Premier this year, but we have held off notifying him pending decision about prospects for 1974.

Recommendation:

The Under Secretaries unanimously recommend:

that you authorize our Ambassador to express your regret to the Yugoslav head of government, Premier Bijedic, that it was not possible to schedule a visit with him in Washington for 1973, to carry forward the useful exchanges of high-level visits that have contributed effectively to the development of friendly relations in recent years, but that (A) you hope to be able to propose a date later this year for a visit in early 1974 or that (B) you can at this point propose a visit for a given period in early 1974.

Approve A _____
Proposed Dates _____
Disapprove _____

Approve B _____


Kenneth Rush
Chairman

Attachment:

Report on Current Status of
US-Yugoslav Relations

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NSC UNDER SECRETARIES COMMITTEE

REPORT ON CURRENT STATUS OF US-YUGOSLAV RELATIONS
AND US-YUGOSLAV CONSULTATIONS, EXCHANGES AND
COOPERATION IN ECONOMIC, SCIENTIFIC, TECHNICAL
AND MILITARY FIELDS

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REPORT ON CURRENT U.S.-YUGOSLAV RELATIONS

Summary

The Under Secretaries Committee has reviewed the current status of US-Yugoslav relations, including economic, scientific-technical, information-cultural, and military exchanges and cooperation, with particular attention to the significance of the attitudes toward the US displayed by Yugoslavia's leaders and by the media since November 1972, as they may relate to pending policy decisions and plans for high-level exchanges in the coming months.

The Committee believes that recent instances in which Yugoslav policy actions were at odds with a US objective, and in which media attacks were especially ill-founded, have their causation in an atmosphere created by the Yugoslav leadership's perception of (a) their internal political requirements as that country prepares for the difficulties of the Tito succession, and (b) their need to appear a leading member of the non-aligned nations.

Such policies and media distortions can and should be countered and deterred, but in ways that take into account the larger US interest in Yugoslavia maintaining its independence and unity. The Committee favors continuation of the cooperation, exchanges, and consultations that have characterized US-Yugoslav relations in recent years, and recommends that our Ambassador be authorized to invite the Yugoslav head of government, Premier Bijedic, to visit Washington in early 1974, at mutually-convenient dates.

The US has important strategic and political interest in the continued existence of a stable, independent, non-aligned and economically-viable Yugoslavia.

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Strategically, a non-aligned Yugoslavia helps to protect the southern flank of NATO and contributes to the general security of our NATO partners. An independent Yugoslavia continues to provide a highly desirable example to other Communist countries by resisting Soviet control, actively seeking closer relations with the US, and evolving moderated policies aimed at decentralized government and a market-oriented socialist economy. The Committee does not view the course of Yugoslav internal and foreign policies since 1971 as changed in any of these essentials, and believes that such frictions as have developed in our relations of late are more than offset by an increased capacity on the part of the Yugoslav Government to cope with the strains of the coming succession period.

Externally, Yugoslav relations with the Soviet Union have much improved over the 1968 level. This improvement was aided by the general reduction in East-West tensions and the Soviet tactic of avoiding criticism of Yugoslav deviations and of offering developmental credits. It is clear also that the Yugoslavs believe better relations with the Soviet Union will help inhibit Soviet trouble-making during the difficult Tito succession period. Notwithstanding this improvement, Yugoslav trade and cultural ties with Western Europe and the US continue to predominate over those with the USSR and its Warsaw Pact allies.

Particularly since November 1972, it has been the Yugoslav zeal in support of the non-aligned world that put the Yugoslav Government in a more pro-PRG, pro-Palestinian, pro-Egyptian, and pro-Panamanian posture than is readily compatible with US objectives in seeing the Vietnamese, Middle East and Panamanian issues settled by negotiations.

The recent emphasis on Yugoslav-Marxist orthodoxy, and Yugoslav resentment of pessimistic and confidence-sapping analyses of Yugoslav developments in the Western press, helped create an atmosphere in which Yugoslav press and public criticism of the US and other Western countries became somewhat sharper in style than in recent years.

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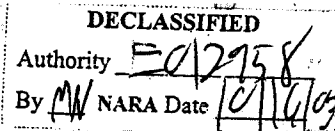
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In March and April, for example, the US Government was obliged to protest the fact that the Yugoslav Government:

- supported the positions of Panama in UN Security Council deliberations with insufficient regard for US interests in the establishment of a negotiating climate;
- permitted publication of baseless PLO stories implicating the CIA in the Israeli raid in Beirut;
- permitted publication and repetition of the false charge that the VOA "gives its microphones over to Ustashi (Croat terrorist) emigres";
- permitted repeated publication of distorted reports attacking American Embassy officers for putting political questions "on behalf of the CIA" to Yugoslav students applying for summer camp counselor jobs in the US, as part of their screening for language ability.

Nevertheless, these criticisms have often been balanced by other positive treatment of international and bilateral issues which has attracted less attention. The continuity of essential Yugoslav policies was reasserted most authoritatively by Tito in a major internal and foreign policy speech to the Yugoslav Federal Assembly and the leadership of all mass organizations April 23, 1973, in which the Yugoslav President stressed maintenance of Yugoslavia's independent and non-aligned course, and deplored speculation abroad to the contrary. The Committee believes that the moderate tenor of this speech confirms other indications that the Ministry of Foreign Affairs by now has concluded correctly from our protests that the US Government will not remain silently acquiescent when our interests are abused, even though we do not expect the non-aligned Yugoslav Government to agree with and support all of our positions or actions.

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The Committee has observed that underneath the surface noise, internal consolidation of the Party and the new emphasis on non-aligned positions have had no significant effect limiting the ability of the US effectively to pursue its political, military, economic, informational, cultural, and scientific cooperation objectives in and with Yugoslavia. Nevertheless, the Yugoslav Government will need to be reminded on occasion that US goodwill should not always be taken for granted. It will be in the US interest to react to, and better yet, foresee and deter Yugoslav actions adverse to our interests, but not to over-react to a degree that would harm the long-term and principal US objectives.

These US objectives are well served by high-level visits. In recommending that Premier Bijedic be invited to visit Washington, the Committee notes (1) that no Yugoslav head of government (as distinct from Tito who visited here in 1971 as chief of state) has yet visited Washington and (2) that when the subject was first discussed between Bijedic and Secretary Rogers in Belgrade in July 1972, it was hoped that the visit could be scheduled sometime in 1973.

Both countries share an interest in an improved relationship between our respective military establishments, no longer the relationship based on massive US grant assistance as in the 1950's, but one in which mutual understanding is promoted by the exchange of visits. A visit by the US Secretary of Defense could contribute to enhancing this relationship.

Other visits could include those of the Secretaries of the Treasury, Commerce, Agriculture, the USIA Director, and the Special Trade Representative, all of whom have invitations.

Among current issues in which agreement would be in the US interest are: air charters and scheduled services; decision with respect to bids by American

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companies on the Krsko nuclear power plant construction contract; new arrangements for a jointly-funded program of cooperative research in science and technology; agreement on the non-utility of a formal information agreement; agreement on arrangements for the sale of carefully selected defensive military items to Yugoslavia; agreement on the treatment of dual nationals visiting Yugoslavia; and appropriate cooperation against international terrorism of all kinds, Palestinian as well as Croatian.

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